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SUBJECT: UKRAINE: FAREWELL CALL ON PM-HOPEFUL TYMOSHENKO ON EVE OF RADA OPENING

Classified By: Ambassador, reason 1.4 (b,d)

¶1. (C) Summary: Ambassador paid his farewell call on PM-aspirant Yuliya Tymoshenko May 24, the day prior to the opening of the new parliament (Rada) May 25. Tymoshenko said she and her team had stayed up "all night" analyzing the completely new coalition proposal Our Ukraine (OU) had sprung on the Tymoshenko Bloc (BYuT) and the Socialists May 23, a day on which "all of my optimism (on coalition prospects) fell away." Tymoshenko, who had just completed a phone call with President Yushchenko trying to agree on the way forward in the coming days, felt slightly better about the coalition May 24. However, she complained again about maneuvering by her archrival Petro Poroshenko, who she said was forging working arrangements with ex-PM Yanukovych's Regions Party, lining up support for a potential vote in favor of Yanukovych as PM, and spiking chances for an Orange coalition. While BYuT could live with the OU-proposed program elements on foreign and domestic policy and the program for the next government, the suggested new coalition rules were a recipe to destroy an effective Orange coalition, not to maintain it; the section on personnel choices was also objectionable. Tymoshenko said she and Moroz would make a joint public appeal at 1300 May 24 to send a positive signal to Ukrainian society about coalition prospects and seek to secure a joint meeting with Yushchenko after the Rada opening; she would meet OU chief negotiator Bezsmertny at 1500 hours to sort through what exactly the new OU proposal was intended to accomplish. Tymoshenko thanked Ambassador for his contributions to Ukraine over the past three years, particularly during the Orange Revolution, and suggested it was regrettable to have a gap between Ambassadors at this critical moment of coalition formation. End summary.

Expected "May Surprise" Emerges from OU, Poroshenko

¶2. (C) Yuliya Tymoshenko, accompanied by foreign policy adviser and MP Hryhoriy Nemyrya, told Ambassador that she and her team had stayed up all night assessing the "completely new" OU coalition proposal passed by courier mid-day May 23. Two months of work had been lost, with the Rada opening May ¶25. BYuT had been expecting such a maneuver from OU from the beginning. While BYuT could accept the foreign, domestic, economic, and social policy programs, as well as the proposed agenda for the new government, the new rules and personnel sections were completely unacceptable; they were designed to destroy an Orange coalition, not keep it intact. Poroshenko had secured the OU Political Council's endorsement of his candidacy as Rada Speaker, which would be a disaster; his collaboration with Regions in the Rada Working Group (below) would continue, voting one day with Regions and the next with the government, dooming any effectiveness of an Orange coalition. Poroshenko's team also aimed to have presidential confidant Oleksandr Tretyakov return to the Presidential Secretariat, ex-Ministers Zhvaniya and Chervonenko to the

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Cabinet, Martynenko as head of OU's Rada faction, and PM Yekhanurov as the head of the National Security and Defense Council (NSDC), she claimed.

¶3. (C) May 23 had been a down day for Orange prospects across the board, since Poroshenko had maneuvered within the Rada Working Group working with Regions, not BYuT and the Socialists, on planning for the next Rada, including folding the Euro-Integration Committee (note: which took the lead on NATO issues) into the Foreign Policy Committee, and splitting the National Security and Defense Committee into a Defense Committee to be headed by OU and a National Security Committee to be headed by Regions. BYuT deputy leader Turchynov had met with Poroshenko, but the trilateral OU-BYuT-Socialist preparatory work on both the coalition document and in the working group had been ignored.

¶4. (C) For its part, Regions was busy attempting to buy MPs to secure a majority that would vote in favor of Yanukovych as PM, alleged Tymoshenko. She was aware of 16 BYuT MPs who had met with Regions at Regions' invitation; the money offered to support Yanukovych ranged from \$1.5 million to \$10 million; in addition, Poroshenko had secured roughly 12 OU MPs willing to turn. The alleged plan was for Regions to "spontaneously" raise a vote for a possible PM candidate, attain roughly 230 votes in favor of Yanukovych (Regions plus bought deputies from the Communists as well as BYuT, OU, and the Socialists), and then use that as leverage against Yushchenko, forcing his hand in favor of an OU-Regions coalition. Tymoshenko warned that this was a dangerous but potentially successful gambit, particularly if the prices rose to \$15 million; few MPs could resist the lure to secure the future of themselves and their children.

Whither Yushchenko?

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¶5. (C) Nonetheless, Tymoshenko had just completed a phone conversation with Yushchenko, initiated by Yushchenko, which had left her feeling slightly more optimistic. She had raised her concerns about how the proposed rules section would be an obstacle to a successful coalition; Yushchenko had not read any of the three versions of the OU coalition proposal but promised to get involved. Yushchenko and she had also talked about the need to strengthen the laws and regulations regarding the imperative mandate, to protect against the buying of deputies. In order to send a positive public signal about coalition chances, she and Moroz would hold a joint press conference at 1300 expressing support for the developing coalition and express a readiness to meet Yushchenko to iron out details. She would sit down with Bezsmertny at 1500 to go through details. (Note: At the press conference, Tymoshenko mentioned the Yushchenko phone call and stated that there would be a meeting of Yushchenko and leaders of the three putative coalition parties May 25 after the formal opening of the Rada to hammer out details of the coalition agreement, a different spin than the one she shared with us privately, perhaps meant to pressure Yushchenko to follow through on the meeting. While Tymoshenko and Moroz "signed" the coalition proposal BYuT and the Socialists had passed to OU previously, Tymoshenko acknowledged that negotiations on a new document would continue.)

¶6. (C) Ambassador asked about Yushchenko's views on Poroshenko's play for the Rada Speakership. Tymoshenko replied that she did not sense Yushchenko supported Poroshenko, but acknowledged the situation was complex; Yushchenko did not seem to have an entirely free hand to run his party. BYuT had mapped out the various OU MP groupings and leaders and was engaging them. Kinakh, Rukh (Tarasyuk), Katerynchuk, and Stretovych's small factions seemed to be

approaching the coalition negotiation process normally.

Changing colors, changing of the guard

¶7. (C) Noting that each day brought a different dynamic to the coalition process, Tymoshenko expressed regret that there would be a gap between U.S. Ambassadors. Ambassador replied that coalition negotiations were likely at least three weeks from the end game; Tymoshenko agreed, but stressed that the coming days would shape the issues and set the stage for the ultimate outcome. Tymoshenko thanked Ambassador for the positive role he played in promoting U.S. and Ukrainian interests, first and foremost during the "breakthrough" of the Orange Revolution. Ambassador suggested Tymoshenko build on her initial steps in recent weeks to increase business confidence in her economic policy perspectives to foster increased investment in Ukraine, since if she were to return to the Premiership, she could be guaranteed to face a vocal opposition.

¶8. (SBU) Note: BYuT staff had changed the color of the large poster-sized photos on the walls of the party headquarters of Tymoshenko and cheering Ukrainians on the Maidan in recent days, from 100 percent Orange dating from November-December 2004 to half white, black and red (heart) of BYuT's 2006 Rada and local election campaign, a reminder of the political and psychological distance 18 months after the displays of Orange unity. Escorting Ambassador out of the building, Tymoshenko commented half-apologetically on the changed colors: "it was time to update the images and look forward."

¶9. (U) Visit Embassy Kiev's classified website at:
www.state.sgov.gov/p/eur/kiev.

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